

VIRGINIA DEPARTMENT OF AGRICULTURE & CONSUMER SERVICES
REQUEST FOR SEALED PROPOSAL (RFP)

Issue Date: July 31, 2007 **RFP# 301-08-001**

Title: Operations and Management Services Southeast Virginia Farmers' Market

Commodity Code: 95878

Issuing Agency: Commonwealth of Virginia
Virginia Department of Agriculture and Consumer Services
Procurement Office
102 Governor Street, Rm. 267
Richmond, VA 23219

Work Location: Southeast Virginia Farmers' Market in Southampton County, VA

Period of Contract: November 1, 2007 through October 31, 2008, with four (4) one-year renewal options.

All inquiries for information must be directed to Ronald L. King, CPPB, CPPO, VCO, Director of Procurement and Support Services by calling (804) 225-4887, faxing to (804) 371-8372 or e-mailing to ronald.king@vdacs.state.va.us.

Sealed proposals will be received until 2:00 pm, EST on August 29, 2007, for furnishing the herein described services. Mail or hand-deliver proposals to the Issuing Agency shown above. It is the sole responsibility of the Offeror to ensure that his/her sealed proposal is received by the due date and time. Late proposals or proposals received unsealed will not be accepted or considered. Electronic proposals are not allowed and cannot be accepted.

Contracts will be awarded to an eVA registered vendor only. See Section VI.T for information. Small, Women and Minority Owned (SWAM) Businesses are encouraged to submit proposals in response to this solicitation. SWAM businesses must be certified by the Virginia Department of Minority Business Enterprise. Application for certification can be made at www.dmbv.virginia.gov and is free of charge.

Name And Address Of Firm:

<p>_____</p> <p>_____</p> <p>_____</p> <p>_____ Zip Code _____</p> <p>FEI/FIN NO. _____</p> <p>E-mail: _____</p>	<p>Date: _____</p> <p>By: _____</p> <p style="text-align:center">(Signature in Ink)</p> <p>Name: _____</p> <p style="text-align:center">(Please Print)</p> <p>Title: _____</p> <p>Phone : (____) _____</p> <p>Fax: (____) _____</p>
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Optional Pre-Proposal Conference to be held on at 10:00 AM on Friday, August 10, 2007, in the conference room of the administrative office building at the Southeast Farmers' Market, which is located at 24540 Agri Park Drive in Courtland, VA. A site visit will be offered at the conclusion of this conference.

Note: This public body does not discriminate against faith-based organizations in accordance with the Code of Virginia, § 2.2-4343.1 or against a Bidder or Offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

RETURN ALL PAGES ALONG WITH YOUR PROPOSAL

**VIRGINIA DEPARTMENT OF AGRICULTURE & CONSUMER SERVICES
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SOLICITATION NARRATIVE

- I.** **PURPOSE:** The purpose of this Request for Proposals (RFP) is to solicit sealed proposals in order to enter into a competitively negotiated contract with one Contractor for the Operations and Management of the Southeast Virginia Farmers' Market located in Courtland, Virginia (Southampton County) for the owner, the Virginia Department of Agriculture and Consumer Services (VDACS), an agency of the Commonwealth of Virginia.
- II.** **BACKGROUND:** (Read carefully. This section contains important information.) The 1986 General Assembly created the Virginia Farmers Market Board to plan a marketing network to establish new marketing and distribution outlets for producers and buyers. (Code of Virginia, Chapter 1, Section 3.1-1, Section 3.1-4, and Chapter 9, Article 3 §§ 3.1-73.1 through 73.5) The 1988 General Assembly provided funding to establish the Virginia Farmers' Market Network, consisting of both wholesale and shipping markets, throughout Virginia. The 2001 General Assembly abolished the Virginia Farmers' Market Board and transferred the Farmers' Market System's oversight responsibility to the Board of Agriculture and Consumer Services (Code of Virginia, Chapter 9, Article 3, §§ 3.1-73.1 through 73.5:1). The Virginia Farmers' Market System includes four (4) wholesale/shipping point farmers markets, including the Southwest Virginia Farmers' Market, Hillsville; the Eastern Shore of Virginia Farmers' Market, Melfa; the Northern Neck of Virginia Farmers' Market, Oak Grove; and the Southeast Virginia Farmers' Market, Courtland.

The Farmers' Market System was established to assist small and medium size farmers by opening additional marketing channels through a selection of services provided by the Contractor. It provides marketing opportunities for Virginia producers by meeting major retail and institutional buyers: specification demands for the necessary quality, packaging, and volume of products. With the organization and technology involved, Virginia's produce is assembled, graded, packaged, and cooled more efficiently. The ability to provide fresher produce in larger quantities available to the marketplace creates increased demand for Virginia's agricultural products and more potential sales opportunities and profit potential from Virginia farmers. A marketing advantage is provided for small to medium size growers using the farmer's market system that individual growers cannot provide for themselves.

A. **Farmers Market Services**

The Southeast Virginia Farmers Market may or may not be a seasonal operation. Opportunities for year round use may be considered. It provides space and cold storage for brokers, shippers, and farmers and services required to market local agricultural products. Commodities, specifically produce, are to be solicited from growers from a regional area surrounding the farmers market facility, including Southeast Virginia and Northeast North Carolina counties. The market facility is expected to provide the opportunity to stimulate fruit and vegetable production in its service area.

Assistance in production methods and handling of commodities to meet wholesale, retail and institutional produce industry standards and specifications shall be made available and coordinated by market management staff in cooperation with the staff of the Virginia Department of Agriculture and Consumer Services, the VA Cooperative Extension Services, USDA and other agencies.

B. Market Users and Customers

The Southeast Virginia Farmers' Market will provide service to producers/suppliers within the region of the facility (generally, Southeastern, Virginia and Northeastern, North Carolina) located near Courtland in Southampton County, Virginia.

C. Description of Facilities

The Southeast Virginia Farmers' Market is located in the Southampton County Agri-business Park on Route 58 approximately one (1) mile east of Courtland, Virginia. The market consists of a 1,200 square foot administrative office building, an 8,085 square foot direct sales building, a 40,700 square foot production sales warehouse (including 9,600 square feet of refrigerated storage) and a 7,500 square foot melon sales building. Special features include a truck scale and hydro-cooler.

III. SCOPE OF WORK

The Contractor shall operate and manage the Southeast Virginia Farmers' Market as an independent contractor. The goal of the market is to improve and expand domestic marketing opportunities for agricultural commodities while enhancing the economy and profitability of Virginia's agricultural industry.

The contractor shall operate and manage the Southeast Virginia Farmers' Market as an independent contractor under the following guidelines:

- A. The Contractor shall be an active and supporting member of the statewide Farmers' Market System. The Contractor must operate the market in a manner to support the achievements or objectives stated in the specific requirements section on pages 7 – 9, Section IV.B.
- B. Profits or losses from the operation of the market will accrue to the Contractor. Profits from the operation of one market shall not be taken to offset losses from another market.
- C. Marketing fee guidelines and criteria for selection of tenants proposed by the Contractor and final tenant selection are subject to review by VDACS. Market operating rules shall be posted in conspicuous locations on the market property and distributed to interested growers or those requesting use of the market's services. The rules shall include, but not be limited to, hours of operation, hours for accepting product deliveries; payment or disbursement periods and policies and grower payment schedule; fees for specific services; a system for handling grower complaints.

- D. The Contractor shall cooperate with local individuals, groups, industry associations, and advisory boards to maintain strong support of the region and market concept.
- E. The Contractor shall cooperate with other Farmers' Market System operators.
- F. A representative(s) of the Contractor shall attend all called meetings of Farmers' Market System operators, as well as any other meetings deemed necessary by the Virginia Department of Agriculture and Consumer Services. Reciprocally, a representative(s) of VDACS' staff may attend regular and called meetings of the Contractor's Board of Directors, special committees, or Contractor's management or market operations team(s).
- G. Reporting Requirements: The Contractor shall be required to submit a quarterly report on the market operations. The fourth quarter report will be an annual report for the calendar year in which the fourth quarter falls. Quarterly Contractor's reports are due to the Director of the Division of Marketing or his assigned staff on the last day of the month of the month following the end of the quarter. The annual report is required by the *Code of Virginia*, Chapter 9, Article 3, §3. 1-73.5. C. This requirement, as so noted in the Code, requires the Contractor to report annually on the receipt and expenditure of funds, as well as on the policies, programs and operational activities of the Contractor. The annual Contractor's report including a Statement of Profit and Loss and a Balance Sheet, is due on or before November 1 each year. A report format is available from the Director of the Division of Marketing, VDACS. Subsequent quarterly reports leading up to the annual report shall use the same reporting format. The Contractor shall be subject to annual performance evaluations by VDACS.
- H. Auditor's Report: The Contractor shall be responsible for implementing a system to account for receivables, sales receipts, billings, expenditures, and assets. Other business activity tracking systems that are conducive to tracking product through the market system to point of delivery are required. The system shall be assessable to private and public sector audit concerns, including but not limited to the Auditor of Public Accounts and the VDACS Internal Auditor.
- I. Inventory Controls: The Contractor shall be responsible for maintaining control and inventory on all equipment, packing containers and materials provided by the Commonwealth of Virginia. Loss of or abuse of the equipment, packing containers and other materials provided by the Commonwealth will be subject to reimbursement of or replacement to the Commonwealth for the lost or abused items. In such cases(s), the Commonwealth reserves the right to remove all similar equipment or materials to another market in the system.
- J. Office Furniture/Equipment: It shall be the sole responsibility of the Contractor to provide any office furniture or office equipment deemed

necessary for the efficient operation of the market. Office furniture and equipment presently supplied by the Commonwealth remains the property of the Commonwealth. Disposal of the Commonwealth's property is limited to the Commonwealth. Concerning computers and other technologically advanced office equipment, those items in their present location shall remain for the use of the Contractor. Maintenance of the computer and any associated equipment, however, shall remain the sole responsibility of the Contractor.

- K. If the Contractor finds it necessary or beneficial to lease any part of the market facility to another in the public or private sector entity, the written contract for such leasing arrangements shall be approved by VDACS prior to the leasing taking place.
- L. The Contractor must implement a program of Good Agricultural Practices (GAP), as outlined by USDA and FDA guidelines. In addition, should a Hazard Analysis Critical Control Point (HAACP) plan be deemed necessary by appropriate authorities, the Contractor must have the knowledge, skills and abilities to implement such a program in place in a reasonable amount of time. (HAACP is mandated by FDA for entities involved in any kind of food processing or food manufacturing.)
- M. Security of the market facility and associated market operations on the premises are the sole responsibilities of the Contractor.

IV. PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS

A. General Requirements:

- 1. RFP Response: In order to be considered for selection, Offerors must submit a complete response to this RFP. One (1) original, so marked, and four (4) copies, so marked, of each proposal must be submitted to the VDACS Procurement Office. No other distribution of this proposal shall be made by the Offeror.
- 2. Proposal Preparation:
 - a. Proposals must be signed by an authorized representative of the Offeror. All information must be submitted. Failure to submit all information requested may result in VDACS requiring prompt submission of any missing information and/or giving a lowered evaluation of the proposal. Mandatory requirements are those required by law or regulation or are such that they cannot be waived and are not subject to negotiation.
 - b. Proposals should be prepared simply and economically, providing a straightforward and concise description of the Offeror's capabilities to satisfy the requirements of the RFP—following the format outlined in IV.B.. Emphasis

should be on completeness and clarity of the proposal's content.

- c. Ownership of all data, documentation, and materials originated and prepared for the Commonwealth of Virginia pursuant to this RFP shall belong exclusively to the Commonwealth of Virginia and shall be subject to public inspection in accordance with the *Virginia Freedom of Information Act*. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public inspection under this Act. To prevent disclosure, however, the Offeror must invoke the protection of Section 11-52 of the *Code of Virginia* in writing, either before or at the time the data or other materials are submitted. The written request must specifically identify the data or other materials to be protected and state the reasons why the protection is necessary. The proprietary or trade secret materials submitted must be identified by some distinct method such as, but not limited to, highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secrets or proprietary information. The classification of an entire proposal document, line item prices, and/or total proposal prices are proprietary or trade secrets is not acceptable and will result in rejection and return of the proposal. (VDACS suggests that each page containing confidential or proprietary information be clearly marked in the upper and lower right corners with the words CONFIDENTIAL so that the indicated information may easily identified.)

3. Oral Presentations: Offerors who submit a written proposal in response to this solicitation may be required to give an oral presentation. VDACS, if it elects to hear oral presentations, will do so based on recommendations from the Evaluation Committee. Oral presentations may not include any information not already included in the written proposal. Since oral presentations are at the option of VDACS, written proposals must be complete. VDACS will schedule the time and place for the oral presentations, and selected Offerors will be contacted accordingly.

B. Specific Requirements:

1. Proposals should be as thorough and detailed as possible so that VDACS can properly evaluate the Offeror's capabilities to provide appropriate services to the region. Offerors are required to submit the following items with their complete proposal in the order and tabbed as listed below:

Tab 1: This entire RFP, including the Cover Sheet, signed and filled out as required.

- Tab 2: Offeror Information Sheet (ATTACHMENT A), filled out as required.
- Tab 3: Offeror Data Sheet (ATTACHMENT B), filled out as required.
- Tab 4: Small Business Subcontracting Plan (ATTACHMENT C), filled out as required.
- Tab 5: A written narrative describing the Offer's knowledge of agricultural marketing techniques and sales experience with VA agricultural products.
- Tab 6: Market staff position descriptions and names and résumés of those to be assigned to those positions for this project.
- Tab 7: A written operating plan as to how the Offeror will manage and operate the Southeast Virginia Farmers' Market as an independent Contractor keeping the following specific objectives in mind.
- a. To minimize difficulties for small or new farmers attempting to utilize the farmers market system.
 - b. To assure that all market facilities and services are made available to all of the Commonwealth's growers, regardless of organizational membership requirements, race, color, religion, sex age, veteran status, national origin, disability or political affiliation.
 - c. To meet buyers' demands for quantity and quality products.
 - d. To establish buyer/seller relationships and to provide the opportunity for all producers to be made aware of current product value, quality and quantity of similar product in the marketplace.
 - e. To maximize operating efficiency and effectiveness.
 - f. To market products for the maximum financial benefit of users and the Contractor.
 - g. To maximize volume throughputs.
 - h. To minimize user/tenant costs.
 - i. To insure that equal marketing opportunities are available to all producers in the region who meet pre-established market requirements.

- j. To support the Virginia’s Finest Trademark Program and the “Virginia Grown” program, wherever and whenever possible.

Tab 8: Both a one-year and a five-year financial plan—including sources of operating capital, and equipment purchases.

Tab 9: Both a one-year and a five-year revenue forecast.

Tab 10: A listing of the Contractor’s officers and potential major market users.

Tab 11: A narrative response that describes the following:

- a. How the Contractor and management will contract with potential growers for market services.
- b. How the Contractor and manager will arrange for market operation personnel such as packing line workers, dock workers, equipment operators, building and grounds maintenance, office administration personnel, and sales staff.
- c. How the Contractor and manager will interface with the VA Tech/VA State Cooperative Extension Service in accessing and providing grower education and research on commercial produce production techniques and on commercial produce varieties acceptable to major retail and institutional produce buyers.
- d. How the Contractor will make the commitment or “seal the deal” with potential produce growers for market services and supplies.
- e. The Contractor’s system to assure fair and equitable dealings with all growers and to deal with customer or grower complaints? Describe fully.

Tab 12: An independently audited financial statement attesting to the Offeror’s financial resources available to provide the operations and management services required herein.

C. Other Requirements:

- 1. The Contractor shall be accountable to and receive oversight and guidance from the VDACS and comply with policies for the statewide system established by the Virginia Farmers’ Market Board.
- 2. The Contractor shall be responsible for all facility related operational expenses including utility costs (water, sewer, waste disposal, electricity, oil, natural gas, propane, etc.) and maintenance and

testing requirements for water supply systems, process waste water disposal systems and systems.

3. The Contractor shall operate the market in compliance with all applicable laws, rules and regulations required by State and Federal agencies including, the Virginia Departments of Health, Environmental Quality, Labor & Industry, Agriculture and Consumer Services, and the United States Department of Agriculture, Environmental Protection Agency and Food & Drug Administration.

4. Maintenance and Repair:

- a. The Contractor shall be responsible for routine maintenance and repair of all buildings, grounds, pavement and associated equipment. Preventive maintenance contracts shall be maintained by the Contractor for all heating and cooling systems, fire alarm systems, and other equipment to included hydro-coolers and ice equipment, if applicable. All buildings, grounds, pavement and associated equipment will be inspected at least semi-annually by the Department of Health, Environmental Quality, Labor & Industry, and VDACS to determine if the facility is being properly maintained, Failure to properly maintain the market facility may be grounds for cancellation of the contract.

All alterations, renovations and/or retrofitting of the facility or any part of facility must be approved by VDACS' Commissioner's Office prior to initiation of the alteration, renovation or retrofitting and must be done in accordance with the current edition of the *Virginia Uniform Statewide Building Code*, *BOCA National Building Code*, *BOCA National Plumbing Code*, *BOCA National Mechanical Code*, *NFIPA National Electric Code* and/or *ANSI A117.1 Handicap Standard 1980*.

Plans for alterations, renovations and/or retrofitting of the facility must be submitted to VDACS' Office of Administrative and Financial Services at least thirty (30) days prior to anticipated start of the project. VDACS' Office of Administrative and Financial Services will review the project plan and forward it to the Commissioner's Office for review. The Contractor shall be responsible for all costs associated with necessary plan and specifications review.

Major repair or replacement of building systems will be the responsibility of VDACS.

- b. Maintenance, repair and/or replacement of all equipment purchased by the Contractor such as, but not limited to,

forklifts, conveyers, office equipment, etc. shall be the responsibility of the Contractor.

- c. Maintenance and repair of all equipment purchased by VDACS such as, but not limited to, forklifts, pallet jacks, hydro-coolers, conveyers, packing line equipment, ice equipment, and office equipment, shall be the responsibility of the Contractor. If, however, any of this equipment becomes nonfunctional and cannot be repaired, VDACS reserves the right not to replace it.
5. An annual audited financial statement showing the sources and uses of funds and any profits or losses accruing to the Contractor must be provided to the VDACS.
6. The Contractor will obtain, if necessary, a Virginia Dealers' License under *VA Dealers' Agricultural Products Law* requiring \$40,000 bond and a *Perishable Agriculture Commodity Act (PACA)* License from USDA/AMS, Fruit and Vegetable Division.

V. EVALUATION CRITERIA

A. Evaluation Criteria: Proposals shall be evaluated by the VDACS using the following criteria.

1. Offeror's knowledge of agricultural marketing techniques and sales experience with VA Agricultural products. (15 points)
2. Management experience of principals of the Offeror's organization (cooperatives, associations, etc.) as provided in biographical resumes. (15 points)
3. Offeror's proposed operational plans. (35 points)
4. Offeror's financial resources available to provide the operations and management services required herein. (15 points)
5. Small Business Subcontracting Plan (20 points)

NOTE: References from organizations for which similar services have been provided will be verified and may have a direct impact on the award of this contract. References will not be scored and, accordingly, do not carry an evaluation weight. References are critical. See "Attachment A". Failure to submit references as required may, at the discretion of the agency, is the cause for elimination of your proposal without consideration.

B. Award: Selection shall be made of one or more Offerors deemed to be fully qualified and best suited among those submitting proposals on the basis of the evaluation factors included in the RFP. Negotiations shall be conducted with the

Offerors so selected. After negotiations have been conducted with each Offeror so selected, the agency shall select the Offeror that, in its opinion, has made the best proposal, and shall award the contract to that Offeror. The agency may cancel this RFP or reject proposals at any time prior to an award, and is not required to furnish a statement of the reason why a particular proposal was not deemed to be the most advantageous. (Section 22-4359.0, *Code of Virginia*). Should the purchasing agency determine in writing and in its sole discretion that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified than the others under consideration, a contract may be negotiated and awarded to that Offeror. The award document will be a contract incorporating by reference all the requirements, terms and conditions of the solicitation and the contractor's proposal as negotiated.

VI. GENERAL TERMS AND CONDITIONS

- A. **VENDORS MANUAL:** This solicitation is subject to the provisions of the Commonwealth of Virginia *Vendors Manual* and any changes or revisions thereto, which are hereby incorporated into this contract in their entirety. The procedure for filing contractual claims is in section 7.19 of the *Vendors Manual*. A copy of the manual is normally available for review at the purchasing office and is accessible on the Internet at www.dgs.state.va.us/dps under "Manuals."
- B. **APPLICABLE LAWS AND COURTS:** This solicitation and any resulting contract shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The agency and the contractor are encouraged to resolve any issues in controversy arising from the award of the contract or any contractual dispute using Alternative Dispute Resolution (ADR) procedures (*Code of Virginia*, § 2.2-4366). ADR procedures are described in Chapter 9 of the *Vendors Manual*. The contractor shall comply with all applicable federal, state and local laws, rules and regulations.
- C. **ANTI-DISCRIMINATION:** By submitting their proposals, Offerors certify to the Commonwealth that they will conform to the provisions of the *Federal Civil Rights Act of 1964*, as amended, as well as the *Virginia Fair Employment Contracting Act of 1975*, as amended, where applicable, the *Virginians Disabilities Act*, the *Americans With Disabilities Act*, and § 2.2-4311, of the *Code of Virginia*, the *Virginia Public Procurement Act*.

In every contract over \$10,000, the provisions in 1. and 2. below apply:

- 1. During the performance of the contract, the Contractor agrees as follows:
 - a. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, or national origin except where religion, color, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor. The Contractor agrees to post in conspicuous places,

available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

- b. The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the contractor, will state that such Contractor is an equal opportunity employer.
 - c. Notices, advertisements, and solicitations placed in accordance with Federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.
- 2. The Contractor will include the provisions of 1. above in every subcontract or purchase order over \$10,000 so that the provisions will be binding upon each subcontractor or vendor.
- D. **ETHICS IN PUBLIC CONTRACTING:** By submitting their proposals, Offerors certify that their proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other Offeror, supplier, manufacturer or subcontractor in connection with their proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.
- E. **IMMIGRATION REFORM AND CONTROL ACT OF 1986:** By submitting their proposals, Offerors certify that they do not and will not during the performance of this contract employ illegal alien workers or otherwise violate the provisions of the federal *Immigration Reform and Control Act of 1986*.
- F. **DEBARMENT STATUS:** By submitting their proposals, Offerors certify that they are not currently debarred by the Commonwealth of Virginia from submitting bids or proposals on contracts for the type of goods and/or services covered by this solicitation, nor are they an agent of any person or entity that is currently so debarred.
- G. **ANTITRUST:** By entering into a contract, the contractor conveys, sells, assigns, and transfers to the Commonwealth of Virginia all rights, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the Commonwealth of Virginia under said contract.
- H. **MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS FOR RFPs:** Failure to submit a proposal on the official state form provided for that purpose may be a cause for rejection of the proposal. Modification of or additions to the General Terms and Conditions of the solicitation may be cause for rejection of the proposal; however, the Commonwealth reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject such a proposal.
- I. **CLARIFICATION OF TERMS:** If any prospective Offeror has questions about the specifications or other solicitation documents, the prospective Offeror should contact the buyer whose name appears on the face of the solicitation no later than five

working days before the due date. Any revisions to the solicitation will be made only by addendum issued by the buyer.

- J. **PRECEDENCE OF TERMS:** The following General Terms and Conditions *VENDORS MANUAL*, APPLICABLE LAWS AND COURTS, ANTI-DISCRIMINATION, ETHICS IN PUBLIC CONTRACTING, *IMMIGRATION REFORM AND CONTROL ACT OF 1986*, DEBARMENT STATUS, ANTITRUST, MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS, CLARIFICATION OF TERMS, PAYMENT shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.
- K. **QUALIFICATIONS OF OFFERORS:** The Commonwealth may make such reasonable investigations as deemed proper and necessary to determine the ability of the Offeror to perform the services/furnish the goods and the Offeror shall furnish to the Commonwealth all such information and data for this purpose as may be requested. The Commonwealth reserves the right to inspect Offeror's physical facilities prior to award to satisfy questions regarding the Offeror's capabilities. The Commonwealth further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Offeror fails to satisfy the Commonwealth that such Offeror is properly qualified to carry out the obligations of the contract and to provide the services and/or furnish the goods contemplated therein.
- L. **TESTING AND INSPECTION:** The Commonwealth reserves the right to conduct any test/inspection it may deem advisable to assure goods and services conform to the specifications.
- M. **ASSIGNMENT OF CONTRACT:** A contract shall not be assignable by the contractor in whole or in part without the written consent of the Commonwealth.
- N. **CHANGES TO THE CONTRACT:** Changes can be made to the contract in any of the following ways:
1. The parties may agree in writing to modify the scope of the contract. An increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the contract.
 2. The Purchasing Agency may order changes within the general scope of the contract at any time by written notice to the contractor. Changes within the scope of the contract include, but are not limited to, things such as services to be performed, the method of packing or shipment, and the place of delivery or installation. The contractor shall comply with the notice upon receipt. The contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Purchasing Agency a credit for any savings. Said compensation shall be determined by one of the following methods:
 - a. By mutual agreement between the parties in writing; or

- b. By agreeing upon a unit price or using a unit price set forth in the contract, if the work to be done can be expressed in units, and the contractor accounts for the number of units of work performed, subject to the Purchasing Agency's right to audit the contractor's records and/or to determine the correct number of units independently; or
 - c. By ordering the contractor to proceed with the work and keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The contractor shall present the Purchasing Agency with all vouchers and records of expenses incurred and savings realized. The Purchasing Agency shall have the right to audit the records of the contractor as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Purchasing Agency within thirty (30) days from the date of receipt of the written order from the Purchasing Agency. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the contract price or time for performance shall be resolved in accordance with the procedures for resolving disputes provided by the Disputes Clause of this contract or, if there is none, in accordance with the disputes provisions of the Commonwealth of Virginia Vendors Manual. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this contract shall excuse the contractor from promptly complying with the changes ordered by the Purchasing Agency or with the performance of the contract generally.
- O. **DEFAULT**: In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Commonwealth, after due oral or written notice, may procure them from other sources and hold the contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies which the Commonwealth may have.
- P. **INSURANCE**: By signing and submitting a bid or proposal under this solicitation, the Bidder or Offeror certifies that if awarded the contract, it will have the following insurance coverage at the time the contract is awarded. For construction contracts, if any subcontractors are involved, the subcontractor will have workers' compensation insurance in accordance with §§ 2.2-4332 and 65.2-800 et seq. of the *Code of Virginia*. The Bidder or Offeror further certifies that the contractor and any subcontractors will maintain this insurance coverage during the entire term of the contract and that all insurance coverage will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

MINIMUM INSURANCE COVERAGES AND LIMITS REQUIRED FOR MOST CONTRACTS:

1. Workers Compensation - Statutory requirements and benefits- Coverage is compulsory for employers of three or more employees, to include the employer. Contractors who fail to notify the Commonwealth of increases in the number of

employees that change their workers' compensation requirements under the Code of Virginia during the course of the contract shall be in noncompliance with the contract.

2. Employer's Liability - \$100,000.
3. Commercial General Liability - \$1,000,000 per occurrence. Commercial General Liability is to include bodily injury and property damage, personal injury and advertising injury, products and completed operations coverage. The Commonwealth of Virginia must be named as an additional insured and so endorsed on the policy.
4. Automobile Liability - \$1,000,000 per occurrence.

Q. **ANNOUNCEMENT OF AWARD:** Upon the award or the announcement of the decision to award a contract over \$50,000, as a result of this solicitation, the purchasing agency will publicly post such notice on the DGS/DPS eVA web site (www.eva.virginia.gov) for a minimum of 10 days.

R. **DRUG-FREE WORKPLACE:** During the performance of this contract, the contractor agrees to (i) provide a drug-free workplace for the contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the contractor that the contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, "drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to a contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

S. **NONDISCRIMINATION OF CONTRACTORS:** A Bidder, Offeror, or Contractor shall not be discriminated against in the solicitation or award of this contract because of race, religion, color, sex, national origin, age, disability, faith-based organizational status, any other basis prohibited by state law relating to discrimination in employment or because the Bidder or Offeror employs ex-offenders unless the state agency, department or institution has made a written determination that employing ex-offenders on the specific contract is not in its best interest. If the award of this contract is made to a faith-based organization and an individual, who applies for or receives goods, services, or disbursements provided pursuant to this contract objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services, or disbursements, the public body shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services, or disbursements from an alternative provider.

- T. **eVA Business-To-Government Vendor Registration:** The eVA Internet electronic procurement solution, website portal www.eVA.virginia.gov, streamlines and automates government purchasing activities in the Commonwealth. The eVA portal is the gateway for vendors to conduct business with state agencies and public bodies. All vendors desiring to provide goods and/or services to the Commonwealth shall participate in the eVA Internet e-procurement solution either through the eVA Basic Vendor Registration Service or eVA Premium Vendor Registration Service. All Bidders or Offerors must register in eVA; failure to register will result in the bid/proposal being rejected.
- a. eVA Basic Vendor Registration Service: \$25 Annual Registration Fee plus the appropriate order Transaction Fee specified below. eVA Basic Vendor Registration Service includes electronic order receipt, vendor catalog posting, on-line registration, electronic bidding, and the ability to research historical procurement data available in the eVA purchase transaction data warehouse.
 - b. eVA Premium Vendor Registration Service: \$25 Annual Registration Fee plus the appropriate order Transaction Fee specified below. eVA Premium Vendor Registration Service includes all benefits of the eVA Basic Vendor Registration Service plus automatic email or fax notification of solicitations and amendments.
 - c. For orders issued prior to August 16, 2006, the Vendor Transaction Fee is 1%, capped at a maximum of \$500 per order.
 - d. For orders issued August 16, 2006 and after, the Vendor Transaction Fee is:
 - (i) DMBE-certified Small Businesses: 1%, capped at \$500 per order.
 - (ii) Businesses that are not DMBE-certified Small Businesses: 1%, capped at \$1,500 per order.
- U. **AVAILABILITY OF FUNDS:** It is understood and agreed between the parties herein that the agency shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement.
- V. **SET-ASIDES.** This solicitation is set-aside for DMBE-certified small business participation only when designated "SET-ASIDE FOR SMALL BUSINESSES" in the solicitation. DMBE-certified small businesses are those businesses that hold current small business certification from the Virginia Department of Minority Business Enterprise. DMBE-certified women- and minority-owned businesses are also considered small businesses when they have received DMBE small business certification. Small businesses must be certified by DMBE not later than the solicitation due date.

VII. SPECIAL TERMS AND CONDITIONS

- A. **ADVERTISING** In the event a contract is awarded for supplies, equipment, or services resulting from this proposal, no indication of such sales or services to VDACS will be used in product literature or advertising. The Contractor shall not state in any of its advertising or product literature that the Commonwealth of Virginia or any agency or institution of the Commonwealth has purchased or uses its products or services.
- B. **AUDIT**: The Contractor shall retain all books, records, and other documents relative to this contract for five (5) years after final payment, or until audited by the Commonwealth of Virginia, whichever is sooner. VDACS, its authorized agents, and/or state auditors shall have full access to and the right to examine any of said materials during said period.
- C. **AWARD**: Selection shall be made of two or more Offerors deemed to be fully qualified and best suited among those submitting proposals on the basis of the evaluation factors included in the Request for Proposals, including price, if so stated in the Request for Proposals. Negotiations shall be conducted with the Offerors so selected. Price shall be considered, but need not be the sole determining factor. After negotiations have been conducted with each Offeror so selected, the agency shall select the Offeror which, in its opinion, has made the best proposal, and shall award the contract to that Offeror. The Commonwealth may cancel this Request for Proposals or reject proposals at any time prior to an award, and is not required to furnish a statement of the reasons why a particular proposal was not deemed to be the most advantageous (*Code of Virginia*, § 2.2-4359D). Should the Commonwealth determine in writing and in its sole discretion that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified than the others under consideration, a contract may be negotiated and awarded to that Offeror. The award document will be a contract incorporating by reference all the requirements, terms and conditions of the solicitation and the contractor's proposal as negotiated.
- D. **PROPOSAL ACCEPTANCE PERIOD**: Any offer in response to this solicitation shall be valid for 90 days. At the end of the 90 days the offer may be withdrawn at the written request of the Offeror. If the offer is not withdrawn at that time it remains in effect until an award is made or the solicitation is canceled.
- E. **SMALL BUSINESS SUBCONTRACTING AND EVIDENCE OF COMPLIANCE**:
- A. It is the goal of the Commonwealth that 40% of its purchases is made from small businesses. This includes discretionary spending in prime contracts and subcontracts. All potential Offerors are required to submit a Small Business Subcontracting Plan. Unless the Offeror is registered as a DMBE-certified small business and where it is practicable for any portion of the awarded contract to be subcontracted to other suppliers, the contractor is encouraged to offer such subcontracting opportunities to DMBE-certified small businesses. This shall not exclude DMBE-certified women-owned and minority-owned businesses when they have received DMBE small business certification. No Offeror or subcontractor shall be considered a Small Business, a Women-Owned Business or a Minority-

Owned Business unless certified as such by the Department of Minority Business Enterprise (DMBE) by the due date for receipt of proposals. If small business subcontractors are used, the prime contractor agrees to report the use of small business subcontractors by providing the purchasing office at a minimum the following information: name of small business with the DMBE certification number, phone number, total dollar amount subcontracted, category type (small, women-owned, or minority-owned), and type of product/service provided.

- B. Each prime contractor who wins an award in which provision of a small business subcontracting plan is a condition of the award, shall deliver to the contracting agency or institution on a quarterly basis, evidence of compliance (subject only to insubstantial shortfalls and to shortfalls arising from subcontractor default) with the small business subcontracting plan. When such business has been subcontracted to these firms and upon completion of the contract, the contractor agrees to furnish the purchasing office at a minimum the following information: name of firm with the DMBE certification number, phone number, total dollar amount subcontracted, category type (small, women-owned, or minority-owned), and type of product or service provided. Payment(s) may be withheld until compliance with the plan is received and confirmed by the agency or institution. The agency or institution reserves the right to pursue other appropriate remedies to include, but not be limited to, termination for default.
- C. Each prime contractor who wins an award valued over \$200,000 shall deliver to the contracting agency or institution on a quarterly basis, information on use of subcontractors that are not DMBE-certified small businesses. When such business has been subcontracted to these firms and upon completion of the contract, the contractor agrees to furnish the purchasing office at a minimum the following information: name of firm, phone number, total dollar amount subcontracted, and type of product or service provided.
- F. **PREPROPOSAL CONFERENCE - OPTIONAL:** An optional pre-proposal conference will be held at 10:00 AM on August 10, 2007 in the board room of the administrative office building at the Southeast Farmer's Market, located at 24540 Agri Park Drive in Courtland, VA. The purpose of this conference is to allow potential Offerors an opportunity to present questions and obtain clarification relative to any facet of this solicitation.
- G. **RENEWAL OF CONTRACT:** This contract may be renewed by the Commonwealth upon written agreement of both parties for four (4) successive one year periods, under the terms of the current contract, and at a reasonable time (approximately 90 days) prior to the expiration.
- H. **SUBCONTRACTS:** No portion of the work shall be subcontracted without prior written consent of VDACS. In the event that the Contractor desires to subcontract some part of the work specified herein, the Contractor shall furnish VDACS the names, qualifications and experience of their proposed subcontractors. The

Contractor shall, however, remain fully liable and responsible for the work to be done by its subcontractor(s) and shall assure compliance with all requirements of the contract.

- I. **WORK SITE DAMAGES:** Any damage to existing utilities, equipment or finished surfaces resulting from the performance of this contract shall be repaired to the Commonwealth's satisfaction at the Contractor's expense.
- J. **CANCELLATION OF CONTRACT:** VDACS reserves the right to cancel and terminate any resulting contract, in part or in whole, without penalty, upon 60 days written notice to the Contractor. In the event the initial contract period is for more than 12 months, the resulting contract may be terminated by either party, without penalty, after the initial 12 months of the contract period upon 60 days written notice to the other party. Any contract cancellation notice shall not relieve the Contractor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of cancellation.
- K. **IDENTIFICATION OF BID/PROPOSAL ENVELOPE:** If a special envelope is not furnished, or if return in the special envelope is not possible, the signed proposal should be returned in a separate envelope or package, sealed and identified as follows:

From: _____ 8/29/07 2:00 PM EST

Name of Offeror

Due Date

Time

Street or Box Number

301-08-001

RFP No.

City, State, Zip Code

Operations and Management Services, Southeast VA Farmers' Market

RFP Title

Name of Contract/Purchase Officer: Ronald L. King, CPPB, CPPO, VCO

The envelope should be addressed as directed on Page 1 of the solicitation. If a proposal not contained in the special envelope is mailed, the bidder or Offeror takes the risk that the envelope, even if marked as described above, may be inadvertently opened and the information compromised which may cause the bid or proposal to be disqualified. Bids/proposals may be hand delivered to the designated location in the office issuing the solicitation. No other correspondence or other bids/proposals should be placed in the envelope.

- L. **INDEMNIFICATION:** The Contractor agrees to indemnify, defend and hold harmless the Commonwealth of Virginia, its officers, agents, and employees from any claims, damages and actions of any kind or nature, whether at law or in equity, arising from or caused by the use of any materials, goods, or equipment of any kind or nature furnished by the contractor/any services of any kind or nature furnished by the Contractor, provided that such liability is not attributable to the sole negligence of VDACS or to failure of VDACS to use the materials, goods, or equipment in the manner already and permanently described by the contractor on the materials, goods or equipment delivered.

VIII. METHOD OF PAYMENT:

There is no payment required to be made to or by VDACS in this contract.

IX. PRICING SCHEDULE:

A Pricing Schedule is not included in this solicitation because no price is being requested.

ATTACHMENT A: OFFEROR INFORMATION SHEET

(Name of Offering Firm)

(Principle Firm Address)

(City, State, Zip Code)

(Signature of Offeror's Representative)

(Printed Name of Offeror's Representative)

(Offeror's Representative's Title)

(Offering Firm's Telephone Number)

(Offering Firm's Fax Number)

(Offering Firm's E-Mail Address)

(Offering Firm's Federal Identification Number)

ATTACHMENT B: OFFEROR'S REFERENCE DATA SHEET

1. QUALIFICATION OF OFFEROR: The Offeror must have the capability and capacity, in all respects, to fully satisfy all of the contractual requirements.
2. YEARS IN BUSINESS: Indicate the length of time you have been in business providing this type of service: _____ years _____ months
3. REFERENCES: Indicate below a listing of at least three (3) recent references for which you have provided similar contracting services. Include the date service was furnished and the name and address of the person VDACS has your permission to contact.

COMPANY NAME AND CONTACT	ADDRESS	PHONE NUMBER/EMAIL	SERVICE DATES
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1.

2.

3.

RETURN OF THIS PAGE IS REQUIRED

ATTACHMENT C

Small Business Subcontracting Plan

Definitions

Small Business: "Small business " means an independently owned and operated business which, together with affiliates, has 250 or fewer employees, or average annual gross receipts of \$10 million or less averaged over the previous three years. Note: This shall not exclude DMBE-certified women- and minority-owned businesses when they have received DMBE small business certification.

Women-Owned Business: Women-owned business means a business concern that is at least 51% owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, or in the case of a corporation, partnership or limited liability company or other entity, at least 51% of the equity ownership interest is owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, and both the management and daily business operations are controlled by one or more women who are citizens of the United States or non-citizens who are in full compliance with the United States immigration law.

Minority-Owned Business: Minority-owned business means a business concern that is at least 51% owned by one or more minority individuals or in the case of a corporation, partnership or limited liability company or other entity, at least 51% of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more minority individuals and both the management and daily business operations are controlled by one or more minority individuals.

All small businesses must be certified by the Commonwealth of Virginia, Department of Minority Business Enterprise (DMBE) by the due date of the solicitation to participate in the SWAM program. Certification applications are available through DMBE online at www.dmbe.virginia.gov (Customer Service).

Offeror Name: _____

Preparer Name: _____ **Date:** _____

Instructions

- A. If you are certified by the Department of Minority Business Enterprise (DMBE) as a small business, complete only Section A of this form. This shall not exclude DMBE-certified women-owned and minority-owned businesses when they have received DMBE small business certification.

B. If you are not a DMBE-certified small business, complete Section B of this form. For the offeror to receive credit for the small business subcontracting plan evaluation criteria, the offeror shall identify the portions of the contract that will be subcontracted to DMBE-certified small business in this section. Points will be assigned based on each offeror's proposed subcontracting expenditures with DMBE certified small businesses for the initial contract period as indicated in Section B in relation to the offeror's total price.

Section A

If your firm is certified by the Department of Minority Business Enterprise (DMBE), are you certified as a **(check only one below)**:

_____ Small Business

_____ Small and Women-owned Business

_____ Small and Minority-owned Business

Certification number:_____ Certification Date:_____

Section B

Populate the table below to show your firm's plans for utilization of DMBE-certified small businesses in the performance of this contract. This shall not exclude DMBE-certified women-owned and minority-owned businesses when they have received the DMBE small business certification. Include plans to utilize small businesses as part of joint ventures, partnerships, subcontractors, suppliers, etc.

B. Plans for Utilization of DMBE-Certified Small Businesses for this Procurement

Small Business Name & Address DMBE Certificate #	Status if Small Business is also: Women (W), Minority (M)	Contact Person, Telephone & Email	Type of Goods and/or Services	Planned Involvement During Initial Period of the Contract	Planned Contract Dollars During Initial Period of the Contract
Totals \$					



*VIRGINIA DEPARTMENT
OF AGRICULTURE AND
CONSUMER SERVICES*

**ANNUAL REPORT ON
THE VIRGINIA FARMERS MARKET
SYSTEM**

2006 REPORT AND 2007 PLAN

January 2007

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I. LEGISLATIVE MANDATE

Report to the Chairmen of the House Committee on Agriculture, the Senate Committee on Agriculture, Conservation and Natural Resources, the House Committee on Appropriations, and the Senate Committee on Finance.

This report to the Chairmen of the House Committee on Agriculture, the Senate Committees on Agriculture, Conservation and Natural Resources, the House Committee on Appropriations, and the Senate Committee on Finance complies with the requirements of House Bill 1038, passed by the 2000 General Assembly and signed into law by Governor Gilmore.

This legislation (§ 3.1-73.5 B.), which became effective July 1, 2000, requires the Commissioner of Agriculture and Consumer Services to submit a report summarizing the market operators' reports and plans for each year, beginning on January 1, 2001 for the markets operating pursuant to a contract between the Commissioner and the market operator during the preceding calendar year.

The plan shall describe the operators' goals for the coming year as to acreage to be served by each market, the types of crops to be sold at the market, and the number of brokers, buyers and producers to utilize the market.

The report shall describe the extent to which the goals for the previous year were met.

II. EXECUTIVE SUMMARY

The Virginia Farmers Market System includes four shipping point farmers markets, each operating under a contract between the Commonwealth of Virginia and private sector and/or county government organizations:

- The Southwest Virginia Farmers Market, Hillsville, is operated by the County of Carroll.
- The Eastern Shore of Virginia Farmers Market, Melfa is operated by a producer cooperative.
- The Northern Neck of Virginia Farmers Market, Oak Grove is operated by local vegetable producer association.
- The Southeast Virginia Farmers Market, Courtland is operated by local vegetable producer entity.

For the 2006 harvest year volume and value of produce handled was steady to a slight increase as compared to 2005. Statistically the breakdown is as follows:

- 270 producers marketed product and/or used market services at the four markets (combined), compared to 269 producers in 2005.
- Gross value of products marketed was over \$21.4 million representing over 2.51 million product units, compared to \$19.1 million in 2005 representing 2.23 million product units.
- The markets served 6,631 acres in 2006, compared to 5,749 acres in 2005.
- The system served 60 brokers and 391 major retail stores and institutional buyers, compared to 72 brokers and 382 retail stores and institutional buyers in 2005.

Significant factors affecting production and marketing volumes for the past year as cited by the market operators in 2006 were, on the positive side:

- Virginia producers continue to be adept at changing both the volume and varieties of their product mix to meet consumer demand.
- Generally higher produce prices due to extremely limited supplies existed for some of the state's regions.
- Production meetings and grower educational sessions were held in regions served by all markets during winter months to educate growers on market demand and production techniques.
- The Eastern Shore of Virginia Farmers Market continued as an agricultural service center. The cooperative operator operates and manages the wholesale market and manages the Southeastern Potato Marketing Committee.
- The Southwest Virginia Farmers Market has traditionally served as a traditional wholesale regional product operation in season and brokered non-regional product out of season. Tenants of the market have been able to improve regional producers' ability to enter the marketplace by maintaining a year-round presence.
- The Northern Neck of Virginia Farmers Market enhances market volume by moving a moderate amount of non-regional product in early spring prior to Virginia's harvest season, which enhances their reputation and supply capabilities with their wholesale customers.

On the negative side:

- Increased fuel and input costs cut profitability dramatically.
- Extreme weather volatility affected some growing regions with a cold wet spring; an early summer followed by extreme heat and drought and a very wet fall season. Other regions experienced an excellent growing season after a wet spring.
- Continued increase in buyer trends toward purchasing local produce which enhanced more local marketing and sales opportunities, thus decreasing the need for sale to wholesalers.
- Slow economic recovery in some regions of the state
- Continued produce buyer consolidations resulting from mergers and buyouts, a trend that shows no sign of ending
- Tighter competition, particularly from other domestic and international supplier sources, another continuing trend
- Market windows growing more narrow, thereby stopping or compressing product movement
- Ever changing consumer demand on product mix and varieties

- Continued downward trend in producer numbers and acreage, “suburbanization” of production areas and associated escalation in land values (increasing operating costs for rented land) is becoming a critical factor, especially for the Eastern Shore of Virginia Farmers Market. However, this trend is showing in other areas served by the farmers market system, except in Southwest Virginia.
- Labor continues to play a significant role, three of four markets report that their producers use migrant labor. Labor supply and housing continue to be issues for the Southwest Virginia, Eastern Shore and Northern Neck of Virginia Farmers Markets.
- The Southeast market continues to struggle in attracting producers to the market and increasing the volume of produce raised in the region. The region traditionally has been a “row crop” area – corn, soybeans, cotton and peanuts. Recruiting and convincing farmers to shift from these traditional crops into produce has been difficult.

III. PRODUCTION CONDITIONS AND MARKET FACTORS

The 2006 production year was better than 2005 for markets in the Virginia’s shipping point farmers market system. However, two issues continue to affect production and marketing. They are the extraordinary increases in fuel and input costs and extreme weather volatility in some state areas. In general, in several farmers market growing areas, a cool spring slowed plant development and periods of hot, dry weather affected crop set and yield. This was followed by periods of heavy rain that brought disease onset and harvest losses.

A truism often quoted in produce growing circles is “One grower’s bad luck makes another grower’s good luck.” This was the situation for the Southwest Virginia growing area that enjoyed the lack of extremes. Southwest Virginia growers experienced price increases higher than those in other areas simply because the area had no damaging weather with which to contend. A pleasant mild temperature late fall helped for a long season harvest for broccoli and greens crops, especially for Northern Neck of Virginia Farmers Market growers.

Some fortunate vegetable producers were able to hit the market with quality product at just the right time. Those few found favorable prices on extremely limited supplies. Crop insurance and other federal programs offered some financial respite for a number of growers who were not as fortunate.

For the Southwest Virginia market, market window opportunities were narrower than normal due to their more limited growing season compared to other

production areas in the state. Pumpkin acreage increased slightly; however, total volume was lower because of a decrease in yields.

A poor regional economy remains prevalent for the Southwest Virginia market and has a dramatic sales affect by limiting customer purchases. The market is seeing few buyers representing small, independently owned stores and produce stands, but there is more interest from chain buyers.

Geographically speaking, the Southwest Virginia Farmers Market targets product movement toward southern state sales outlets. This has proven to be an advantage for the region's producers, specifically because of less investment in transportation costs. As fuel prices have increased, the area has enjoyed a competitive advantage over those in northern states.

Producer numbers is a major change for the Eastern Shore market with virtually no small growers, representing 10 to 15 acres, using the market's services. Market management is seeing decreased volumes of traditional crops being produced on the Eastern Shore, i.e. cucumbers, sweet corn, asparagus, green peppers and Irish potatoes. Once again in 2006, there was no commercial sweet corn grown and few green or snap beans on the Shore. Several years ago, the Eastern Shore market was traditionally a major supplier for the Fourth of July sweet corn market. The Northern Neck market, among the four system markets, was the only supplier of sweet corn to retail buyers. In 2006, the Eastern Shore Farmers Market did not provide hydro-cooling or packing services for individual producers.

The Southeast Virginia Farmers Market continues to struggle to convince producers to expand produce production in the region. Accordingly, produce volume for the market lags well behind the other markets. The market did note that area melon and cantaloupe growers received good prices as growers have shifted production to meet growing consumer demand for seedless melon varieties.

Statewide producer education and research resources continued improvement in 2006. The payoff from the Cooperative Extension Services' Horticulturist

Specialists improves producer information and production techniques as research trials are expanded and accelerated. This resource is required to keep vegetable and fruit producers on the cutting edge of new production technologies and newer plant varieties that will assist producers' competitiveness with other domestic and international suppliers.

IV. SUCCESS IN MEETING GOALS FOR THIS YEAR

Most market system operators met their stated goals for 2006. There were a few instances when unknown circumstances prevented total accomplishment.

The Southwest Virginia Farmers Market bases its success on its ability to sell available local products. For 2006, yields from most fruit and vegetable crops were average to above average when compared to those of the last several years. Most growers experienced better than average prices in 2006. Acreage for green beans, cantaloupes, sweet corn, cucumbers, peppers and pumpkins continued to increase. Acreage devoted to apple and cabbage production decreased again in 2006. Tomato production was less than in previously reported years which was a situation created by lower yields as opposed to less acreage or plantings. For the Southwest market, tomatoes are still the largest selling single item at the market with apples following a close second.

For the Eastern Shore of Virginia Market, one of the market operator's goals was to maintain a full market of tenants. Going into the 2006 season, their facility was fully leased. However, the majority of market space, bays and coolers were leased to a large tomato growing corporation. The Eastern Shore Farmers Market Cooperative, Inc., operator, says that less and less traditional crops, such as cucumbers, sweet corn, asparagus and green peppers are being grown on the Eastern Shore as more acreage is being devoted to row crops, such as corn, soybeans, small grains and to some extent, cotton.

The Eastern Shore market operator continues to manage construction of a seasonal migrant labor housing project for the largest market tenant that is expected to house 500 seasonal workers when completed. Phase 1 activities including feasibility studies, blueprint and regulation interface has been completed. For Phase 2, the Eastern Shore Marketing Cooperative has submitted rough cost estimates and is awaiting instruction from Pacific Tomato Growers.

The facility will be built to both Virginia Code and federal specifications. The marketing cooperative has negotiated a contract to provide management for the migrant housing facility on a year round basis.

The Northern Neck of Virginia Farmers Market operator met the operators' numerous goals. The Northern Neck Market has a continuing emphasis on producer education and development. The growers association, in cooperation with market management, sponsored winter producer meetings. Training sessions focused on plans and commitments for the 2006 production year.

The growers association sponsors educational trip opportunities for growers interested in using market services. There were two educational trips in 2006. In January, 20 producers, extension and farmers market staff traveled to Sinaloa, Mexico and toured vegetable production and marketing operations, as well as, Ag-Expo Sinaloa. Both are located near Culiacan, Mexico.

In December, ten Northern Neck Vegetable Growers Association members attended the Great Lakes Expo in Grand Rapids, Michigan to attain knowledge and crop production and marketing technique awareness. The show attracts over 300 exhibitors and 3,000 participants.

With a grant from USDA, Risk Management Agency through VDACS, the operator association and Cooperative Extension staff sponsored a workshop on financial management, market windows and market outlook for the 2006 production season. The February workshop was attended by approximately 20 growers who use the Northern Neck of Virginia Farmers Market for market services. Additionally, copies of the 2006 Commercial Vegetable Production Recommendations for Virginia were purchased and distributed to members.

Two Northern Neck Vegetable Growers Association board of directors members and a market staff person attended the 2006 PMA (Produce Marketing Association) Tradeshow held in San Diego to work with VDACS staff in the market promotion of Virginia produce. The trip allowed growers to meet buyers, obtain possible sales leads and see first hand the size and scope of the produce industry.

The market operator's goal to increase prices and enhance profitability for producers using Northern Neck market services was addressed in several ways. Pre-season commitments with category buyers on the part of marketing staff helps solidify market product needs and producer delivery schedules.

Addressing migrant labor issues was another continuing goal for the Northern Neck market. The association continued their work with the Rappahannock Migrant and Seasonal Worker Council and with the Telamon Corp. to develop worker housing for the region. Telamon has received grants totaling \$400,000 to assist growers with cost-share on worker housing on the farmers own farm sites. Two projects in Westmoreland County are underway.

Contributing to the continuing operators' goal of enhancing community and youth development in areas served by the Northern Neck of Virginia market, the operating association awarded Ned Upshaw, a Caroline County junior at VA Tech, a \$5,000 scholarship. Mr. Upshaw is studying forestry and natural resources and expects to return to the area following graduation. The operators' association has seen the youth scholarship effort as a significant and successful investment since several youth scholarship award winners have returned to the area and are contributors to the agricultural industry and economy.

Because the market operator had made numerous requests of USDA, Farm Services Agency (FSA) for revisions and improvements to the Non-insured Assistance Program (NAP), an insurance program that covers crops that are not insurable under other programs, FSA requested the association conduct a major project study on NAP provisions and procedures. NAP covers many Eastern Virginia grown vegetable crops and has numerous provisions and procedures that make the program difficult to administer and for growers to use. An association subcommittee thoroughly investigated program provisions and details for regional crops and presented a proposal to the association board and a report to FSA officials that have resulted in changes in previously inconsistent program provisions for planting and harvest dates. FSA is considering other program change suggestions from the report. Any revisions requested will make the program more grower friendly in Eastern Virginia, resulting in more sustainable vegetable production.

For the Southeast Virginia Farmers Market, Virginia-Carolina Growers, Inc., market operator, indicates they have met their modest customer and wholesale produce volume goals in the second year of the organization's contract with the state. The organization's goals for handling cabbage, eggplant, potatoes, squash and tomatoes were met and watermelon volumes were exceeded. The organization formed a relationship with the Northern Neck of Virginia Farmers Market management to handle product sales during the 2004 harvest year and that relationship continued in 2006.

V. MARKET GOALS FOR THE COMING YEAR

The Southwest Virginia Farmers Market's goals for 2007 include the following:

- Increase diversity in the region's vegetable production
- Build stronger major grocery retail buyer relationships to counter reduction in sales to small independent stores and produce stands
- Obtain funding for additional warehousing and cooling space
- Sell available product at the highest possible prices that will contribute to producer profits
- Enhance producer awareness through educational opportunities through grower meetings and field demonstrations in the region
- Obtain needed cooling and icing equipment in order to further increase region's crop diversification.

The Eastern Shore of Virginia Farmer's Market operator's goals for 2007 include the following:

- Maintain present tenants to ensure profitability
- Serve a leadership role to work closely with Cooperative Extension Service to participate in agricultural conferences and local agriculture days for the public school systems
- Promote the market and its' economic development activity through presentations at local civic organization meetings
- Manage the Southeastern Potato Committee at the request of the Board of Directors. The committee operates the USDA Marketing Order #953.

The Northern Neck of Virginia Farmers Market operator's goals for 2007 include the following:

- On education:
 - Conduct a scholarship program for a local college student interested in pursuing an agricultural career
 - Conduct educational programs that meet the needs of Eastern Virginia growers
 - Support local and regional educational activities that promote agriculture and agriculture education
 - Sponsor tours or trips for association members to learn better management and production practices
 - Provide Commercial Vegetable Recommendation Guides to association membership and to other market services users who may benefit
- On Promotion/Profitability:
 - Support and encourage development of new marketing strategies and new markets for member/grower produce
 - Communicate with growers to keep them informed of market conditions
 - Review farmers market policies and procedures in an effort to bring more benefits to growers/users
 - Participate in national produce meetings and tradeshow to promote Virginia produce
 - Continue contacts with state legislators on concerns and needs of the farmers market system and report impacts of the local market
 - Continue to work with the Migrant Labor Council on housing issues and provide leadership towards methods of interfacing with producers

- On Market Operations:
- Develop appropriate policies and procedures for operation of the Northern Neck of Virginia Farmers Market that insure efficient and fair grower treatment.

The Southeast Virginia's Farmers Market operator's goals for 2007 include the following:

- Expand interest in specialty crops and actively recruit new growers
- Maintain regional production level for melons and commercial organic vegetables as in the previous several years
- Continue an alliance with the Northern Neck of Virginia Farmers Market management to assist in providing sales service
- Continue exploration of a wholesale nursery and retail produce operation to locate in the Southeast Virginia Farmers Market retail shed.

VI. PRODUCER ATTITUDES ON PROFITABILITY AND OUTLOOK FOR THE FUTURE

The Southwest Virginia market reports that growers' attitudes vary widely depending upon crops produced. Apple growers experienced an extremely good year in terms of price and product salability, while cabbage growers continue production less optimistically. Market management feels that growers are interested in continuing and expanding vegetable production. However, crops with market potential require additional market services. Sweet corn, broccoli and a variety of greens have market potential, fit into the southwest Virginia growing season, but require additional cooling and icing equipment.

The Eastern Shore market operator is seeing spiraling increases in land values that affect availability of owned and leased acreage for produce production. This situation is leading vegetable producers to continue the search for more profitable crops. The increase in land values is prohibiting younger producers from entering into vegetable production. Long time producers are diversifying between vegetables and grain. The future for Eastern Shore vegetable production is in doubt with the lack of younger vegetable producers. As the growers become older and retire, planted acreage declines. The Eastern Shore Marketing Cooperative, Inc. will continue to provide services and encouragement to assist the agricultural community in this period of change.

The Northern Neck of Virginia market operator reports that producers are expected to remain active. There is some concern about reduced acreage for produce production in the region. Through market staff and producer leadership, the association has efforts in place to meet producer/buyer needs and has instituted pro-active measures of addressing issues affecting producers and marketing efforts on an on-going basis.

The Southeast Virginia market operator reports that there is some concern regarding future development of a grower base in Virginia's southeast region as long as row crops remain profitable. While small growers' acreage is expected to increase in 2007, the net effect is not expected to make a great change in total acreage. Expected crop volume does not appear to be in a range needed to make the market packing volumes sufficient for profitability. Present growers and product volume for squash, watermelon and organics are expected to remain steady.

**VIRGINIA FARMERS MARKET SYSTEM
ANNUAL PLAN AND REPORT**

DECEMBER 1, 2006

ACREAGE AND CLIENTELE OVERVIEW

	2006 GOAL	2006 ACTUAL 12/01/06	2007 GOAL
Producers served	285	270	285
Total acres served	6,320	6,631	7,120
Brokers served	64	60	58
Buyers served	382	391	381

**VIRGINIA FARMERS MARKET SYSTEM
ANNUAL PLAN AND REPORT**

December 1, 2006

CROP VOLUME AND VALUE

	Grand Total	Total	Total	Grand Total
	Goal Units	Actual Units	Actual Value	Goal Units
	2006	2006	2006	2007
Apples	85,000	144,054	\$1,804,171	80,000
Asparagus	0	649	\$15,197	0
Beans	15,000	14,770	\$202,937	4,000
Blueberries	0	0	\$0	0
Broccoli	5,000	139,417	\$1,481,524	5,000
Bins	0	0	\$0	0
Cabbage	15,000	19,552	\$200,082	15,000
Crates	32,000	52,150	\$365,050	40,000
Cantaloupe	500	1,488	\$14,815	0
Bins	250	3,189	\$340,907	250
Singles	145,000	94,650	\$118,312	125,000
Cauliflower	0	1,615	\$14,252	0
Chili Peppers	0	1,831	\$12,019	0
Corn	0	250,908	\$2,020,676	0
Bins	100	24	\$1,560	0
Crates	28,000	5,185	\$62,220	8,000
Corn Stalk Bin	0	44	\$3,353	0
Cucumbers	19,000	101,174	\$1,019,665	8,000
Bins	0	0	\$0	0
Eggplant	100	31,702	\$239,497	500
Greens	2,500	692	\$5,078	2,500
Indian Corn	0	0	\$0	0
Jalapeno	0	9,120	\$98,888	0
Nectarines	2,000	4,842	\$85,329	3,000
Okra	0	110	\$1,543	0
Onions	0	91	\$996	0
Peaches	10,000	37,114	\$435,938	15,000

Pears	850	717	\$10,038	850
Peas	0	0	\$0	0
Peppers	35,500	170,621	\$1,456,208	23,000
Bins	0	0	\$0	0
Pickles	0	117	\$2,368	0
Potatoes	26,500	17,245	\$157,091	14,500
Pumpkins	0	67	\$4,971	0
Bins	100	0	\$0	0
Singles	40,000	71,200	\$142,400	70,000
Radish	0	1,640	\$13,525	0
Squash (hard)	0	25,730	\$52,942	0
Yellow Squash	8,400	92,234	\$702,684	6,000
Straw	0	377	\$1,716	0
Strawberry	8,500	20,491	\$207,873	10,000
Sweet Potatoes	250	4,509	\$35,277	1,000
Tomato	856,000	988,260	\$8,277,797	885,200
Turnips	200	231	\$2,310	350
Watermelon	0	3,299	\$285,240	0
Bins	7,000	10,828	\$116,800	4,100
Singles	3,500	5,150	\$12,875	7,500
Zucchini	0	141,672	\$1,037,657	0
Miscellaneous	10,000	41,352	\$415,039	45,000
TOTAL	1,248,450	2,465,695	\$20,995,967	1,323,300
	Grand Total	Total	Total	Grand Total
	Goal Units	Actual Units	Actual Value	Goal Units
	2006	2006	2006	2007
Boxes	1,100,300	2,267,690	20,315,344	1,118,900
Bins	7,450	14,085	462,620	4,350
Crates	60,000	57,335	427,270	48,000
Singles	188,500	171,000	273,587	202,500
Total	1,356,250	2,510,110	\$21,478,821	1,373,750